



**RESEARCH MANAGEMENT CENTRE**  
**INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA**

**RESEARCH COMPLETION APPLICATION**

RESEARCH INFORMATION	
Project ID	RIGS16-234-0398
Project Title	Ownership of Takaful Benefit in Family Takaful in Malaysian Takaful Practice
Grant Type	Research Initiative Grant Scheme (RIGS)
Kulliyah	Kulliyah of Islamic Revealed Knowledge and Human Sciences
Project Duration	01-12-2016 to 30-11-2017
Duration(Months)	12

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RESEARCH FINDINGS AND SUMMARY	
Abstract	The paper aims to identify the issues on the ownership of tak?ful benefit in family tak?ful in Malaysian tak?ful practice. The study only focuses on the family tak?ful plan because it is related to death. The question might be raise in this study in determining the money paid by the tak?ful operator on the death of the participant before the policy matures belong to the participant's estate or not. It is important to identify this issue distinctly as to ensure the five norm of maqasid al- Shari'ah which are religion, life, family, intellect and property is well preserved and protected. This study adopts qualitative approach with SharĒÑah advisors, SharĒÑah officers and a tak?ful expert in Kuala Lumpur and Selangor area. Data collection employs semi-structured interviews with a fairly open framework which allow for focused, conversational and two-way communication. The results revealed that, no doubt to say the property (mĒl) can be treated as tak?ful benefit. With regards to the issue of ownership, tak?ful benefit is owned by the participant in two ways; firstly from Participant Investment Fund (PIF), while secondly from Participant Risk Fund (PRF). The paper offered a clear picture on the understanding of ownership and tak?ful benefit in its definition, classifications, relation between ownership of tak?ful benefit and opinion towards the application of tak?ful in Malaysia. Therefore, at the same time, provide some recommendations for standardizing the nomination practice in the tak?ful industry.
Keyword	Ownership, Tak?ful benefit , Family tak?ful

Introduction	<p>In tak?ful, life insurance is called as family tak?ful. Family tak?ful provides with a protection and long-term savings. The participant will be provided with financial benefits if suffered from a tragedy. At the same time, the participants will enjoy a long-term personal savings because part of the contribution will be deposited in an account for savings and investments. Furthermore, in family tak?ful, there are two different accounts namely, Participant Investment Fund (PIF) and Participant Risk Fund (PRF). According to Nasser, Participant Investment Fund (PIF) refers to the investment which is done by the tak?ful operator on behalf of policyholder and the profit will be shared between policyholder and the tak?ful operator according to a pre-agreed ratio. Meanwhile, Participant Risk Fund (PRF) refers to the policyholder's contribution in the form of tabarru? which will be placed in this fund and will be used to fulfill the obligation of mutual help if any misfortune arising from death or permanent disability. Besides, nomination refers to authorizing a person in a tak?ful policy to receive and administer the tak?ful benefits upon the death of the insured. The tak?ful operator needs to take the responsibility to distribute the tak?ful benefits to the nominee. In nomination process, the distribution of tak?ful benefit is different to the Muslim participant and non-Muslim participant. For Muslim participant, a nominee is considered as an executor while for non-Muslim participant, a nominee will be considered as an absolute beneficiary. Currently in practice, some tak?ful operators in Malaysia provide an option of giving hibah in nominations process to the participants in a family tak?ful plan. In this situation, the nominee will be considered as a sole beneficiary through hibah. It is different in nomination process without hibah, where the nominee is merely considered as an executor. Furthermore, according to the Shar?ah Advisory Council of Bank Negara of Malaysia on 21st April 2003, participants can give the tak?ful benefits as hibah since it is a right of the participant itself. The objective of nomination process through hibah is clearly achieved when the nominee will receive all the tak?ful benefits without the distribution of far?il. There is uncertainty to determine who own tak?ful benefit in Participant Risk Fund (PRF) which gives the right to the policyholder to give hibah. As it is generally practiced in the industry, for family tak?ful, there are two accounts which are Participant Investment Fund (PIF) and Participant Risk Fund (PRF). When a participant dies, there is no question regarding the heritability of the money in the Participant Investment Fund (PIF) as it is part of deceased's estate. However, with regard to the money payable by tak?ful operator taken from the Participant Special Account for the death benefit is still questionable. This is because, PRF involved others donation and the ownership of the tak?ful benefits is unclear due to no fatw? or legal statement from Tak?ful Act mentioned about this issue. Thus, this study will explore and examine the issues on ownership of tak?ful benefit to determine the ownership in Participant Risk Fund (PRF) or tabarru? fund since the ownership issue is much related to the nomination and hibah issues. Furthermore, this study also will contribute to the existing literature that will develop and enhance the tak?ful industry. The contribution to the existing literature will help the weakness of the previous paper especially in the issue of ownership in Participant Risk Fund (PRF) or tabarru? fund. Thus, this study will extend on the ownership of tabarru? fund in family tak?ful in Malaysian tak?ful practice. All previous literature related to the ownership issues do not explain in detail and still not provide enough solution for this problem.</p>
Background	<p>The significance of research is to look into the issues of ownership because it is important to determine the tak?ful benefit is owned by participant or not after the death. There are some arguments from scholars whether the tak?ful benefit considered as participant's estate or not. It is important to identify this issue distinctly as to ensure the five norm of maqasid al- Shari'ah which are religion, life, family, intellect and property is well preserved and protected.</p>
Objective	<p>The paper aims to identify the issues on the ownership of tak?ful benefit in family tak?ful in Malaysian tak?ful practice. The study only focuses on the family tak?ful plan because it is related to death.</p>
Methodology	<p>This study adopts qualitative approach with Shar?ah advisors, Shar?ah officers and a tak?ful expert in Kuala Lumpur and Selangor area. Data collection employs semi-structured interviews.</p>
Findings	<p>The results revealed that, no doubt to say the property (m?l) can be treated as tak?ful benefit. With regards to the issue of ownership, tak?ful benefit is owned by the participant in two ways; firstly from Participant Investment Fund (PIF), while secondly from Participant Risk Fund (PRF). The paper offered a clear picture on the understanding of ownership and tak?ful benefit in its definition, classifications, relation between ownership of tak?ful benefit and opinion towards the application of tak?ful in Malaysia.</p>
Conclusions	<p>According to Islamic Financial Services Act (IFSA) 2013, tak?ful benefit can also treated as m?l (property) because from the clause, it is clearly mentioned about tak?ful benefit as any right, interest, title, claim, chose in action, power or privilege or whether present or future and others. Therefore, the issue whether tak?ful benefit can be treated as property (m?l) cannot be questioned anymore as this issue has been recently gazette in the provision of Islamic Financial Services Act (IFSA) 2013.</p>
Future Plan of the Research	<p>Issues on ownership of tak?ful benefit must clearly stated by Shar?ah Advisory Council of Bank Negara Malaysia in order to avoid any conflict among the legal heir and as a matter of ensuring justice and fair contribution.</p>

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METHODOLOGY FILES	
Description of File	File Name
No Records	

ASSET/EQUIPMENT	
Item	Placement(Please Specify)
No Records	

FINANCIAL					
VoteCode	Description	Allocation	Disburse	Commit	Balance
V11000	Research Assistant (RA)	2,000.00	2,000.00	0.00	0.00
V21000	Travelling Expenses And Subsistence	500.00	0.00	0.00	500.00
V29000	Professional Services & Other Services including Printing & Hospitality, Honorarium for subjects	2,500.00	1,800.00	0.00	700.00
V36000	Miscellaneous Research Advancement	0.00	-1,300.00	0.00	1,300.00
Total		5,000.00	2,500.00	0.00	2,500.00

**PROJECT ACHIEVEMENT****PUBLICATIONS**

Author	Year	Title	Full name of journal/conference/proceedings/volume	Number of pages
No Records				

**IREP PUBLICATIONS**

ID	Eprint Title	Author's Name	ISBN/ISSN	Publication Status
No Records				

**INTELLECTUAL PROPERTY RIGHTS**

Ip Type	Detail	Date
No Records		

**HUMAN CAPITAL DEVELOPMENT**

Human Capital	Malaysian	Non-Malaysian
Ph.D Student	0	0
Masters Student	1	0
Undergraduate Student	0	0
Total	1	0

LIST DOCUMENT(S)	
Description of File	Document
No Records	

CHECKLIST FOR COMPLETION OF RESEARCH PROJECT		
No	Items	Check
1.	I have unsettled claims	✗

APPROVAL WORKFLOW				
Step #	Role	Date Responded	Responded By	Action
1	Researcher	28-01-2020 11:25 AM	Nan Noorhidayu Bt Megat Laksana	Submitted
2	HOR	-	-	Pending Recommendation
3	Monitoring Unit	-	-	Pending Verification
4	RMC Monitoring Deputy Director	-	-	Pending Approval